

Case Study:  
**White House  
Detroit Federal Working Group**

Community Solutions - 2017



# Detroit Bankruptcy



# The Administration's Support for Detroit's Revitalization

## Phase 1

- **July 2011**— Detroit and 13 other cities selected for the **Strong Cities, Strong Communities** ("SC2") initiative. Participating federal agencies assigned regional staff to embed in mayors' offices "to provide tailored technical assistance to cut through red tape, increase government efficiency, and build partnerships to help local leaders implement sustainable economic plans."

## Phase 2

- **September 2013**— Following Detroit's bankruptcy filing, National Economic Council Director Sperling, HUD Secretary Donovan and Transportation Secretary Foxx announce **up to \$300 million** in new, repurposed and freed-up funds to assist in Detroit's recovery. Don Graves named Administration's point-person for Detroit.

## Phase 3

- **January 2015**—The Administration created the **Detroit Federal Working Group** to ensure and enhance the ongoing federal commitment to the city's recovery. Cliff Kellogg named Executive Director.

# The Detroit Federal Working Group

- The DFWG works directly with Mayor Duggan and leaders from the business, philanthropy, and community sectors to identify federal resources, cut through red tape, and co-develop solutions to the Mayor's priorities.
- The Working Group convenes monthly to discuss agencies' progress and hear from city leaders and local, on-the-ground participants in Detroit's recovery.
- The DFWG includes 20+ federal agencies. The core team consists of an Executive Director and five deputies to match the Mayor's priorities:
  - Office of the Vice President/ Department of Energy
  - Environmental Protection Agency
  - Department of Labor
  - National Economic Council/ State Department
  - Department of Commerce (Economic Development Administration)
- The DFWG core team maintains a regular, on-the-ground presence in Detroit; routinely attending the Mayor's cabinet meetings and frequently strategizing with municipal and community leadership.

## Community Solutions: Guiding Principles

- **Locally-led** - The local community sets the vision for what is needed to solve problems, including sharing already working solutions that could be scaled.
- **Local Planning** - Local communities develop a longer term plan, in conjunction with the Federal government, that includes community partners, business leaders, local and Federal leaders.
- **Data-Driven and Modern Collaborative Approaches** - Many programs use the same playbook for every community, year after year. The Administration uses data to determine what works and doesn't work.
- **Streamlining the Federal Government** - The Federal government should coordinate its efforts to offer a more seamless process to communities, and be coordinated on the ground.

# How to Increase Population in Detroit?

## How to...

- Eliminate blight
- Provide better transportation
- Build adequate housing
- Restart lending market (mortgages)
- Attract economic development, international investment
- Raise quality of life

### Shrinking Cities

Biggest population decreases since 2000 among major cities\*

City	2010 population	Change from 2000	Pct. change
New Orleans	343,829	-140,845	-29.1%
Detroit	713,777	-237,493	-25.0
Cleveland	396,815	-81,588	-17.1
Cincinnati	296,943	-34,342	-10.4
Pittsburgh	305,704	-28,859	-8.6
Toledo, Ohio	287,208	-26,411	-8.4
St. Louis	319,294	-28,895	-8.3
Chicago	2,695,598	-200,418	-6.9
Baltimore	620,961	-30,193	-4.6
Santa Ana, Calif.	324,528	-13,449	-4.0

### The rise and fall of Detroit's population



\*Cities with population of at least 250,000 in 2000. Based on data for the 45 states for which 2010 data are available.

Source: U.S. Census Bureau

All longtime problems that demand intergovernmental solutions...



# DFWG 2016 Work Plan

## Focus areas:

- 1) Neighborhood Stabilization
- 2) Energy & Environment
- 3) Workforce & Social Services
- 4) Economic Development
- 5) International Affairs



# Zero% Home Loan Program

- Current Funding: \$8.0 million  
CDBG and LISC/Bank of America.
- For FY 2017, \$3 to \$4 million more expected
- 1,363 Applications deemed acceptable
- 434 pre-approvals
- 349 Active loans
- Average loan: \$16,800





# Motor City Match Program

- With federal and private financing, matches eligible entrepreneurs and building owners. To date, \$7.25 million in HUD CDBG funds have been allocated to the program
- The federal funds have also helped leverage significant philanthropic and private investment in the program in the amount of \$4.3 million in philanthropic investment as well as \$6.4 million in small business lending from lending partners.



# Motor City Match Program

- Quarterly competitions of \$500,000 in cash awards. To date, 6 rounds have been held.
- The funds have been awarded to 90 businesses and 473 other businesses have been assisted with other services resulting in \$14 million in investment to Detroit neighborhoods.
- 75% minority owned, 69% women owned, 54% women minority owned and 64% to Detroit residents



# Detroit Home Mortgage Program

- For years, buying a home in Detroit has had a major roadblock—getting a mortgage large enough to fix up the home. Often the buyer qualified for a loan, but the home did not because its current appraised value was too low. Low values due to neighborhood site conditions and blighted homes reducing appraised values.
- As a result, the vast majority (75% or greater) of all home sales were cash or land contracts



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# Detroit Home Mortgage Program

- With the Detroit Home Mortgage Program, participating banks can loan the full cost of your home, including the cost of any renovations.
- The Detroit Home Mortgage Program is led by the Community Reinvestment Fund USA(CRF), the Kresge Foundation and Ford Foundation, the City of Detroit, Michigan State Housing Development Authority (MSHDA), nonprofits, participating banks, and other committed financial investors.



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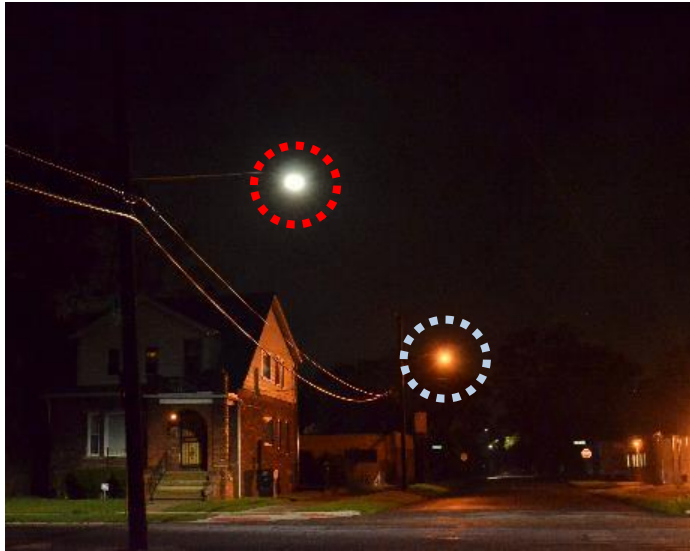


# TRANSPORTATION



- 50 new hybrid buses are rolling out onto the streets
- \$25 Million Department of Transportation grant
- Clean diesel and hybrid buses replace older, inefficient buses
- City bus schedule can be met for the *first time since printing!*

# ADDRESSING AGING INFRASTRUCTURE: LIGHTING



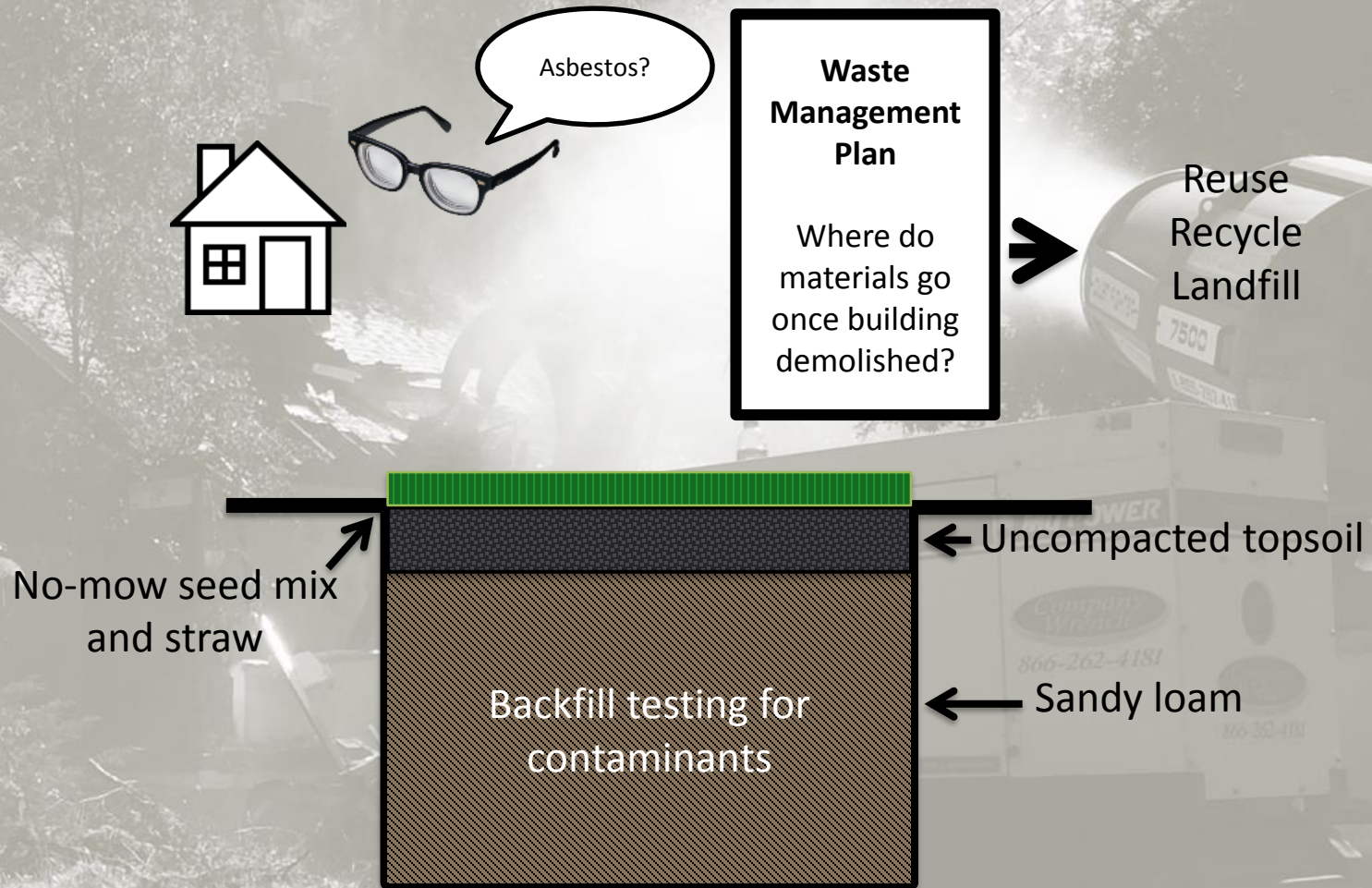
- 50% of streetlights not working
- DOE technical assistance on lighting choice
- 45,000 new LED streetlights installed; complete in 2016
- Saves City over \$1.5 million in annual utility costs
- Reducing carbon emissions by 17,000 metric tons annually

# Historic Challenge: Poor Demolition Practices

1. Place debris and contaminated soil in hole.
2. Clay soils with no organic matter.
3. Large rocks on surface. Not level.
4. Compacted soil - Bulldoze 100x
5. No grass seed or groundcover.
6. Send everything to the landfill – even if there is a market for reuse or recycling.
7. Leave driveway and foundation for next user



# Residential Demolitions



# NEIGHBORHOOD STABILIZATION: BLIGHT

- \$250 Million in Treasury Hardest Hit Funds
- Over 10,500 buildings demolished in past two years
- 4:1 increase in value for each federal dollar invested
- \$200 Million increase in home equity (Year 1 - \$50 Million)
- \$2 Billion in Treasury funds made available to states in budget



DETROIT LAND BANK AUTHORITY  
**SIDE LOT SALE**

CALL 1-844-BUY-DLBA FOR MORE INFORMATION





# ADDRESSING AGING INFRASTRUCTURE

- Basement and street flooding
- 10 Million Gallon Sewer Overflow (Aug 2014 rain event)
- Thousands of vacant lots in City
- Green infrastructure solutions
  - \$8.9 Million HUD
  - \$1 Million EPA
    - Parks, Streets, Schools, Vacant Lots, Parking Lots



Vacant Lot Greening Treatment  
A Detroit Green Infrastructure Initiative



ROAD CLOSED  
TO  
THRU TRAFFIC





## Infrastructure – 1950 or 2050?

- Turning on the streetlights *with LEDs*
- Reducing sewer overflows *with green infrastructure*
- Removing blighted buildings safely *while creating tiny sponges to soak in stormwater*
- Repairing streets *with new pavements/design*
- Renovating buildings *as energy efficient*



“Not just bouncing back,  
but bouncing forward.”

# Workforce Development in Detroit

- **Supporting Workforce Training for Young People, the Long-term Unemployed, and the Formerly Incarcerated:** Detroit received a \$5 million demonstration grant from DOL for workforce training for youth and the long-term unemployed. Funds are also used for an American Job Center within a correctional facility and to launch a job preparation program for returning citizens. Detroit's "My Brother's Keeper" (MBK) Initiative works closely with these efforts to support returning citizens.
- **Funded \$2 million for Detroit's Summer Jobs Program:** DOL supported the City's 2016 summer jobs program that increased the number of participants from 5,600 in 2015 to over 8,000 in 2016. Deputy Secretary Lu's visit to Detroit resulted in over 60 new summer job openings.
- **Support SNAP E&T Initiative Expansion with Reimbursement Program:** States can be reimbursed for 50 percent of certain qualifying workforce development expenses paid by an eligible, third-party provider. As a result of this collaboration, Michigan applied for and was approved to add two third-party providers in Detroit (Southwest Solutions and Focus: Hope) whose commitments will be matched with \$500,000 in 50/50 funds from USDA's Food and Nutrition Service.
- **Technical Assistance on new DOL requirements:**
  - Helped Detroit Employment Solutions Corporation create a new Youth Services Model.



## 4) Economic Development: Outcomes

- **Developing a Comprehensive Plan for Spurring Manufacturing:** Detroit was designated as an Investing in Manufacturing Community Partnership (IMCP): 30 organizations partnered to commit \$177 million for training and workforce development in automotive technology.
- **Supporting Auto Parts Research through Manufacturing Innovation Hubs and over \$140 million in Public-Private Funding Going to Detroit:** In 2014, Detroit won the competition for DOD's Lightweight Innovations for Tomorrow (LIFT) lab, bringing \$140 million in investment to Corktown. In 2015, DOE's Institute for Advanced Composites Manufacturing Innovation (IACMI) announced plans to co-locate its work with LIFT. This co-location joins lightweight metals working with advanced composites.
- **Bolstering Economic Development:**
  - Commerce EDA announced \$4 million to fund positions at DEGC and improvements at the I-94 industrial park.
  - EDA invested over \$5 million in the Detroit area since 2010, including NextEnergy's improvements to a battery testing facility.
  - DOE awarded funds to NextEnergy to support clean energy small businesses and entrepreneurs.



- **Strengthening Global Engagement:** The State Department is assisting Detroit with leverage its location as a manufacturing powerhouse on the richest border in the world, and the site for the New International Trade Crossing (NITC) bridge approved in 2015.

The State Department supported the Mayor in launching the City's first-ever Mayor's Office of International Affairs and is assisting him in creating the city's first global engagement:

- finding resources,
- leading trade missions, and
- developing a refugee resettlement strategy to support resettlement of refugees.

- **Facilitated city's participation in the President's Global Entrepreneurship Summit** in Silicon Valley in 2016. This convening brought together entrepreneurs and investors from over 100 countries. An official "Detroit Story" event featured panels of entrepreneurs from the mobility, food, and social enterprise sectors.

- 1. Listen to City needs – No federal “bigfooting”**
  - A. Primary point of contact for federal team is the Mayor**
- 2. Set clear, correct expectations with the City**
- 3. Team status as an Administration priority adds effectiveness**
- 4. Two-way buy-in is critical: Must be a department/agency directive, as well as interagency directive**
- 5. Need leadership and staff level commitment to this work from each agency**
- 6. On-the-ground presence and personal relationships matter**
- 7. Requires realistic and appropriate staffing, including senior talent from the agencies**
- 8. Team members with a prior connection to the city (e.g. local roots) is a plus factor**